

ORIGINAL

OPEN MEETING AGENDA ITEM



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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

2008 FEB 27 A 11:17

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF:

DOCKET NO. S-20472A-06-0535

THE 12 PERCENT FUND I, L.L.C. (aka THE 12%
FUND, 12% FUND I and FUND)
an Arizona limited liability company
13714 Nightstar Ct.
Marana, Arizona 85653-4455

COYOTE GROWTH MANAGEMENT, L.L.C.
an Arizona limited liability company
13714 Nightstar Ct.
Marana, Arizona 85653-4455

MICHAEL JOSEPH HANNAN (aka MICHAEL
HANNAN, MIKE HANNAN and MICHAEL J.
HANNAN II) and JANE DOE HANNAN, husband
and wife
13714 Nightstar Ct.
Marana, Arizona 85653-4455

SAM AHDOOT (aka SAM AHDOUT) and JANE
DOE AHDOOT, husband and wife
5625 Crescent Park West, Apt. 130
Playa Vista, CA 90094-2083

Respondents.

Arizona Corporation Commission
DOCKETED

FEB 27 2008

DOCKETED BY

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SIXTH
PROCEDURAL ORDER

BY THE COMMISSION:

On August 28, 2006, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Temporary Order to Cease and Desist ("T.O.") and a Notice of Opportunity for Hearing ("Notice") against the 12 Percent Fund I, L.L.C. ("Fund"), Coyote Growth Management, L.L.C. ("CGM"), Michael Joseph Hannan and Jane Doe Hannan, husband and wife, and Sam Ahdoot and Jane Doe Ahdoot, husband and wife (collectively "Respondents"), in which the Division alleged that the Respondents committed multiple violations of the Arizona Securities Act ("Act") in connection with the offer and sale of securities in the form of investment contracts.

1 The Fund, CGM and the Hannan Respondents were duly served with copies of the Notice.

2 On September 19, 2006, the Fund, CGM and the Hannan Respondents filed a request for
3 hearing.

4 On September 25, 2005, by Procedural Order, a pre-hearing conference was scheduled on
5 October 26, 2006.

6 On October 24, 2006, counsel for the Division and counsel for The Fund, CGM, and the
7 Hannan Respondents filed a stipulation whereby they agreed to continue the pre-hearing conference
8 indefinitely and waived the application of any time limits pursuant to A.A.C. R14-4-307 and A.R.S. §
9 44-1972 with respect to the Temporary Order and Notice. The parties further indicated that the
10 Ahdoot Respondents have not yet been served.

11 On October 25, 2006, by Procedural Order, the pre-hearing conference was continued
12 indefinitely.

13 On June 8, 2007, Mr. Roderick R. McBroom, an individual who stated that he is an investor
14 with the Respondents herein, faxed to the Hearing Division a letter and request for a continuance of a
15 hearing and objection to receivership. His letter and request have been filed with the Commission's
16 Docket Control and are available for viewing at the Commission's website under the above-
17 referenced docket number as are all documents filed in this proceeding.

18 On June 13, 2007, Mr. McBroom filed a request with the Commission to be added to the
19 service list of the above-referenced proceeding. There does not appear to be any reason to deny this
20 request, but the addition of his name and address to the service list does not make him a party in this
21 proceeding.

22 On June 14, 2007, by Procedural Order, Mr. Roderick R. McBroom was added to the service
23 list in this proceeding, but was not made a party to the proceeding.

24 On August 7, 2007, the Division filed Motion to Set Pre-Hearing Conference.

25 On August 9, 2007, by Procedural Order, a pre-hearing conference was scheduled for August
26 29, 2007.

27 On August 10, 2007, counsel for the Fund, CGM and the Hannan Respondents file an
28 Application to Withdraw ("Application") citing ER 1.16(b) and indicated his clients had failed

1 “substantially to fulfill an obligation to the lawyer regarding the lawyer’s services.” The Application
2 states that the Respondents have been notified of counsel’s intent to withdraw and of the date of the
3 pre-hearing conference. The Commission was also advised of Respondents’ address and of the
4 address of a court-appointed Receiver for the Fund and CGM. No objections have been filed.

5 On August 23, 2007, by Procedural Order, counsel for the Fund, CGM and the Hennans was
6 granted leave to withdraw.

7 On August 29, 2007, at the pre-hearing conference, the Division appeared through counsel.
8 No appearances were made by or on behalf of the Fund, CGM or the Hannan Respondents. The
9 Division requested that a hearing be scheduled at the beginning of 2008.

10 On September 6, 2007, by Procedural Order, a hearing was scheduled for February 5, 2008.

11 On February 5, 2008, a full public hearing commenced before a duly authorized
12 Administrative Law Judge of the Commission at its offices in Phoenix, Arizona. The Division
13 appeared with counsel. Mr. Hannan appeared on his own behalf. After a short recess in the
14 proceeding, counsel for the Division requested that the hearing be vacated pending Commission
15 approval of a Consent Order with respect to the Hannans at the Commission’s next Securities Open
16 Meeting.

17 Accordingly, the hearing dates in this proceeding should be vacated.

18 IT IS THEREFORE ORDERED that the hearing dates for the above-captioned proceeding are
19 hereby vacated.

20 IT IS FURTHER ORDERED that the Division shall file a request to reschedule the hearing, if
21 necessary.

22 Dated this 27TH day of February, 2008.

23
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25 
26 MARC E. STERN
27 ADMINISTRATIVE LAW JUDGE
28

1 Copies of the foregoing mailed/delivered
2 this 27th day of February, 2008 to:

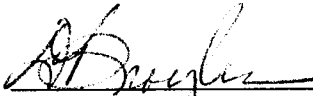
3 The 12% Fund
4 Coyote Growth Management, L.L.C
5 c/o Michael and Janice Hannan
6 13714 Nightstar Court
7 Marana, Arizona 85653-4455

8 Ryan W. Anderson, Esq.
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13 P.O. Box 1931
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15 Matt Neubert, Director
16 Securities Division
17 ARIZONA CORPORATION COMMISSION
18 1200 West Washington Street
19 Phoenix, Arizona 85007

20 ARIZONA REPORTING SERVICE, INC.
21 2200 North Central Avenue, Suite 502
22 Phoenix, Arizona 85004-1481

23 By: 
24 Debra Broyles
25 Secretary to Marc E. Stern
26
27
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